

BOB F. ANDERSON, PE, INC.
PETROLEUM ENGINEERS & CONSULTANTS
TELEPHONE (318) 425-4230
FACSIMILE (318) 222-1054
email: bfandpe@bellsouth.net

January 4, 2005

Honorable James H. Welsh,
Commissioner of Conservation
Office of Conservation
P. O. Box 94275
Baton Rouge, LA 70804-4275

Re: APPLICATION FOR PUBLIC HEARING

Proposed Additional Alternate Unit Wells
Hosston Zone, Reservoir A, Cotton Valley Formation, Reservoir A and
Lower Cotton Valley Zone, Reservoir A
HOSS RA SU24, CV RA SU24 and LCV RA SUA
HOSS RA SU32, CV RA SU32 and LCV RA SUB
HOSS RA SU25, CV RA SU25 and LCV RA SUL
Elm Grove Field, Bossier Parish, Louisiana

Dear Sir:

Application is hereby made on behalf of **CAMTERRA RESOURCES, INC.**, (Applicant), to the Commissioner of Conservation for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Hosston Zone, Reservoir A, Cotton Valley Formation, Reservoir A, and the Lower Cotton Valley Zone, Reservoir A, Elm Grove Field, Caddo Parish, Louisiana:

FOR HOSS RA SU24, CV RA SU24 and LCV RA SUA:

1. To permit the applicant to drill 10 additional alternate unit wells, some of which are located in exception to the spacing provisions of the 361-A and the 361-E Series of Office of Conservation Orders for the production of gas and condensate for the Hosston Zone, Reservoir A, and the Lower Cotton Valley Zone, Reservoir A, in the units HOSS RA SU24 and the LCV RA SUA and nine (9) additional alternate unit wells, some of which are in exception to the spacing provisions of the 361-B Series of Office of Conservation Orders, for the production of gas and condensate from the Cotton Valley Formation, Reservoir A, in the unit designated CV RA SU24, Elm Grove Field, Bossier Parish, Louisiana, such units and wells shown on the attached plat and being made a part hereof.

FOR HOSS RA SU32, CV RA SU32 & LCV RA SUB:

1. To permit the applicant to drill 11 additional alternate unit wells, some of which are located in exception to the spacing provisions of the 361-A, 361-B and the 361-E Series of Office of Conservation Orders for the production of gas and condensate for the Hosston Zone, Reservoir A, the Cotton Valley Formation, Reservoir A and the Lower Cotton Valley Zone, Reservoir A, in the units designated HOSS RA SU32, CV RA SU32 and the LCV RA SUB, Elm Grove Field, Bossier Parish, Louisiana, such units and wells shown on the attached plat and being made a part hereof.

FOR HOSS RA SU25, CV RA SU25 AND LCV RA SUL:

1. To permit the applicant to drill two (2) additional alternate unit wells, located in exception to the spacing provisions of the 361-A and 361-B Series of Office of Conservation Orders for the production of gas and condensate for the Hosston Zone, Reservoir A, and the Cotton Valley Formation, Reservoir A and three (3) additional alternate unit wells for the Lower Cotton Valley Zone, Reservoir A, located in exception to the spacing provisions of the 361-E Series of Office of Conservation Orders in the units designated HOSS RA SU25, CV RA SU25 and the LCV RA SUL, Elm Grove Field, Bossier Parish, Louisiana, such units and wells shown on the attached plat and being made a part hereof.

FOR THE HOSS RA SU24, CV RA SU24, LCV RA SUA, the HOSS RA SU32, CV RA SU32, LCV RA SUB, HOSS RA SU25, CV RA SU25 and the HOSS RA SU25, CV RA SU25 LCV RA SUL:

1. To permit the applicant to down hole combine the production from the Hosston Zone, Reservoir A, the Cotton Valley Formation, Reservoir A and the Lower Cotton Valley Zone, Reservoir A, in any well bore located within the units designated HOSS RA SU24, CV RA SU24 and LCV RA SUA, the HOSS RA SU32, CV RA SU32 and the LCV RA SUB and the HOSS RA SU25, CV RA SU25 and LCV RA SUL.
2. To find that additional alternate unit wells are needed on each unit to assist in draining a portion of each unit that cannot be drained by any other well located within the units.
3. To permit the unit operator to produce the assigned unit allowable from the unit well, the alternate unit wells or from a combination of all wells at its discretion.
4. To consider and cover such other matters as the Commissioner of Conservation may deem pertinent and appropriate.

The Hosston Zone, Reservoir A, was defined in the 361-A Series of Office of Conservation Orders, the Cotton Valley Formation, Reservoir A, was defined in the 361-B Series of Office of Conservation Orders and the Lower Cotton Valley Zone, Reservoir A, was defined in the 361-E Series of Office of Conservation Orders in the Elm Grove Field, Bossier, Caddo and Webster Parishes, Louisiana.

The pertinent data pertaining to this application is available for inspection at the Offices of Bob F. Anderson, PE, Inc., 400 Travis Street, Suite 209, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Bob Anderson 318/425-4230 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data that is otherwise not available from the Office of Conservation can be obtained **at the expense of the requesting party.**

Hon. James H. Welsh
Elm Grove Field
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The subject matter of this hearing does not require a pre-application notice.

Pursuant to the revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Interested Parties and Represented Parties to whom this notice of this application is being sent. A copy of this letter and the attached plat is being sent to the District Manager of the Shreveport District Office of Conservation and to the Interested Owners, Represented Parties and the Interested Parties as shown on the attached list

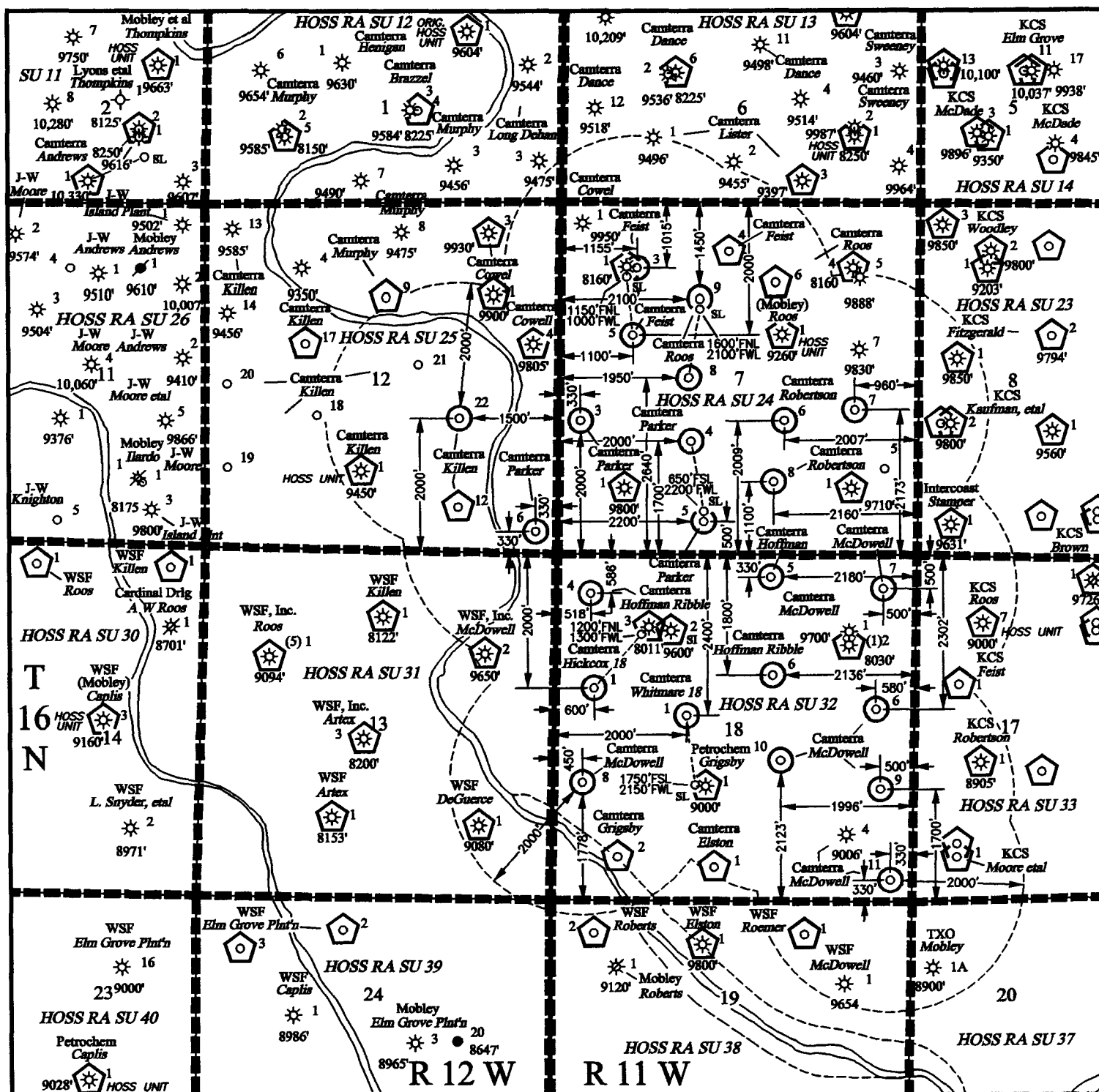
Our check, made payable to the Office of Conservation, is attached to cover the applicable hearing fee.

Yours truly,

A handwritten signature in dark ink, appearing to read "B F Anderson", with a long horizontal flourish extending to the right.

B. F. Anderson, PE for
CAMTERRA RESOURCES, INC.

cc: Mr. James Broussard, District Manager Shreveport District Office of Conservation (w/encl.)
Interested Owners, Represented Parties and Interested Parties (wo/encl.)
Camterra Resources, Inc. (w/encl.)



CAMTERRA RESOURCES, INC. MARSHALL, TEXAS

ELM GROVE FIELD BOSSIER PARISH, LOUISIANA

PROPOSED ADDITIONAL ALTERNATE UNIT WELLS AND
ALTERNATE UNIT WELLS AT EXCEPTIONAL LOCATION FOR
HOSSTON RESERVOIR A SAND UNITS 24, 25, & 32

